

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 2176 - HB 2259

March 15, 2014

SUMMARY OF BILL: Requires property taken by eminent domain that is no longer needed for a public use to be offered to the former owner at either the original price, adjusted for inflation or deflation, or current fair market value for the property, whichever price is lower. The former owner's right shall terminate ten years after the date of acquisition by eminent domain and shall not transfer to the owner's heirs. If the former owner cannot be located after due and diligent search, the condemning authority shall file a certificate with the county recorder stating such.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue – Exceeds \$20,000

Decrease Local Revenue – Exceeds \$20,000

Assumptions:

- According to information provided by the Department of Transportation (TDOT), the provisions of the bill will result in reduced compensation for surplus right-of-way property sold.
- Based on responses to the 2012 Local Government Survey conducted by the Fiscal Review Committee, municipal officials reported an average valuation of property taken through eminent domain of \$156,880 per property.
- It is unknown how many parcels of property will be determined to be no longer needed for public use; the number of properties that will ultimately be offered for sale to the original owner, the lowest price which will be offered to the original owner, and the extent of any decrease in state and local government revenue.
- Given the extent of unknown factors, determining the extent of reduced revenue to state and local government is difficult. However, the recurring decreases in revenue to both state and local governments are reasonably estimated to exceed \$20,000 per year statewide.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

/jrh